



**PRESENTATION BY
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PRESIDENT & CEO OF THE SAN DIEGO HOUSING COMMISSION**

**U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON VETERANS AFFAIRS
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY**

HEARING ON PENDING LEGISLATION

MARCH 10, 2020

INTRODUCTION

Good morning, Chairman Levin, Ranking Member Bilirakis, and members of the subcommittee. I am Richard C. Gentry, the President and Chief Executive Officer of the San Diego Housing Commission, which serves low-income residents in the City of San Diego—the eighth largest city in the nation and second largest city in California. Thank you for the opportunity to be here today to testify about the Veterans Affairs Supportive Housing (VASH) voucher program, a partnership between the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Veterans Affairs (VA) that the San Diego Housing Commission (SDHC) administers in the City of San Diego.

I began working in San Diego in 2008; however, my experience in affordable housing spans 48 years—beginning with HUD in 1972. I have served as the CEO of the public housing authorities in Austin, Texas, and Richmond, Virginia, as well as working in the private sector as the Senior Vice President of Asset Management for the National Equity Fund in Chicago, Illinois, the nation’s largest nonprofit Low-Income Housing Tax Credit syndicator, and as the Vice President for Public Housing Initiatives at the Local Initiatives Support Corporation (LISC) in Washington, D.C.

My personal connection to veterans is similar to many Americans across the nation. My family experienced the sacrifices required by military service. As members of the “Greatest Generation,” my father, Charles Gentry, served in the U.S. Army during World War II and received five Bronze Stars and a Purple Heart for his combat service, and my uncle, Archie Gentry, gave his life in service to his country in the Korean War. I have a profound appreciation for the men and women currently engaged in active-duty military service, as well as those who

have donned the uniforms of the U.S. military over the years and live and work among us today as military veterans.

My opinions today reflect the diversity of my background and the breadth of my experience.

The U.S. military and the veteran population are significant in the San Diego region. According to the U.S. Census Bureau, more than 200,000 military veterans live in San Diego County, with close to 90,000 veterans residing within the City of San Diego. In addition, The San Diego area has the highest concentration of military personnel in the world, with more than 100,000 military service members on active duty, as well as more than 7,500 reservists and 26,000 civilians working for the military, according to the San Diego Military Advisory Council's *San Diego Military Economic Impact Study 2019*.

Amid the homelessness crisis in San Diego in recent years, significant progress has occurred in addressing veteran homelessness through collaborative initiatives among San Diego Mayor Kevin L. Faulconer, City Council President Georgette Gómez, City Councilmember Chris Ward, who also serves as Chair of the Regional Task Force on the Homeless, the entire San Diego City Council, SDHC and additional partners.

Chairman Levin and his colleagues from San Diego's Congressional delegation, Representatives Scott Peters, Juan Vargas and Susan Davis, also have provided essential leadership and support for efforts to address homelessness among veterans in the City of San Diego.

However, veteran homelessness remains a challenge in San Diego.

The 2019 San Diego regional Point-in-Time Count on January 25, 2019, identified approximately 810 veterans experiencing homelessness in the San Diego region—approximately 338 of whom were unsheltered. This represented a 38 percent decrease in total veteran homelessness and a 49 percent decrease in unsheltered homelessness among veterans from the 2018 Point-in-Time Count.

However, regional Coordinated Entry System (CES) assessments in the past 18 months identified 813 veterans experiencing homelessness in need of supportive housing.

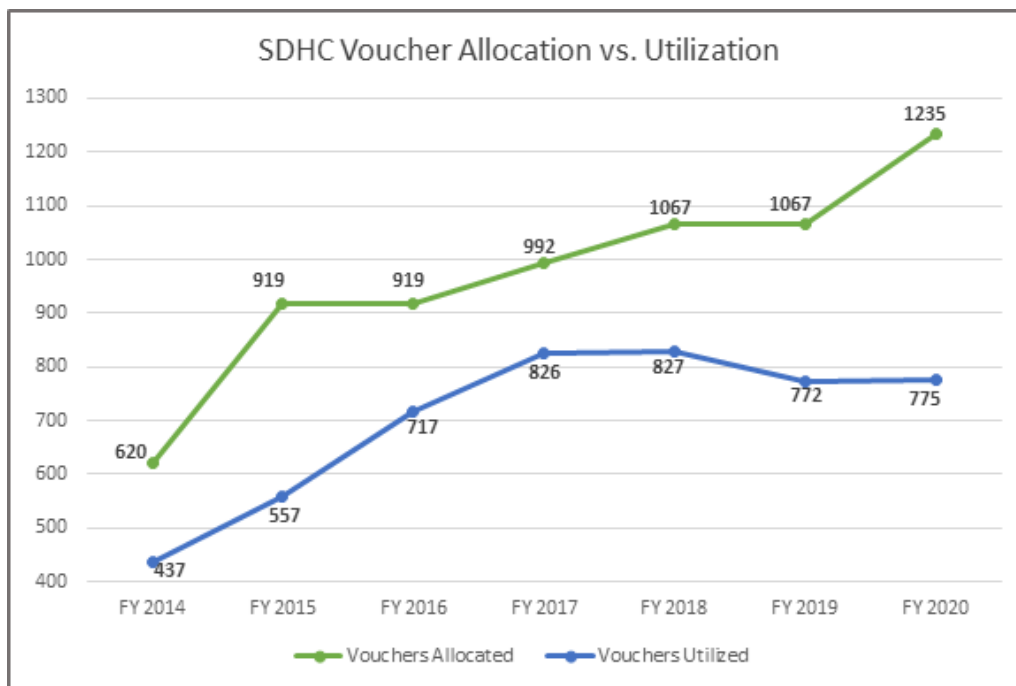
VASH VOUCHER UTILIZATION CHALLENGES

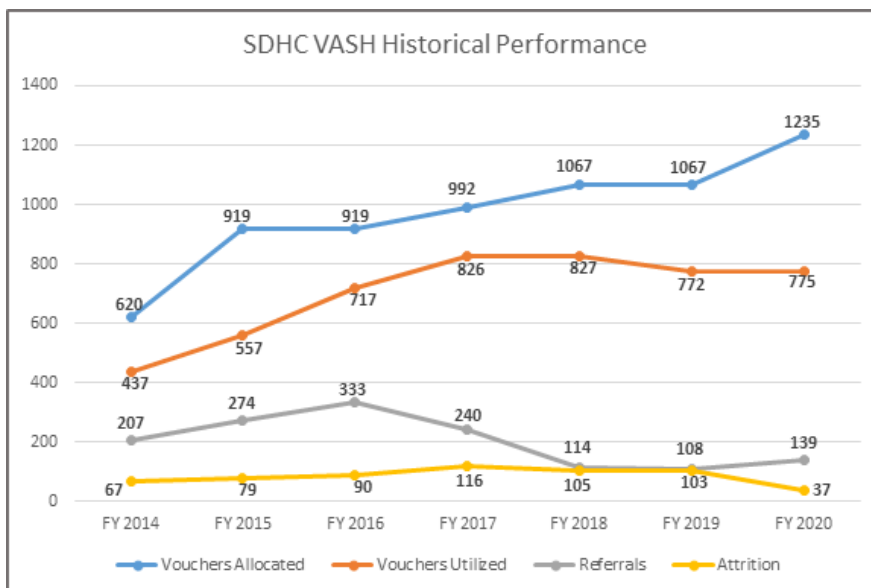
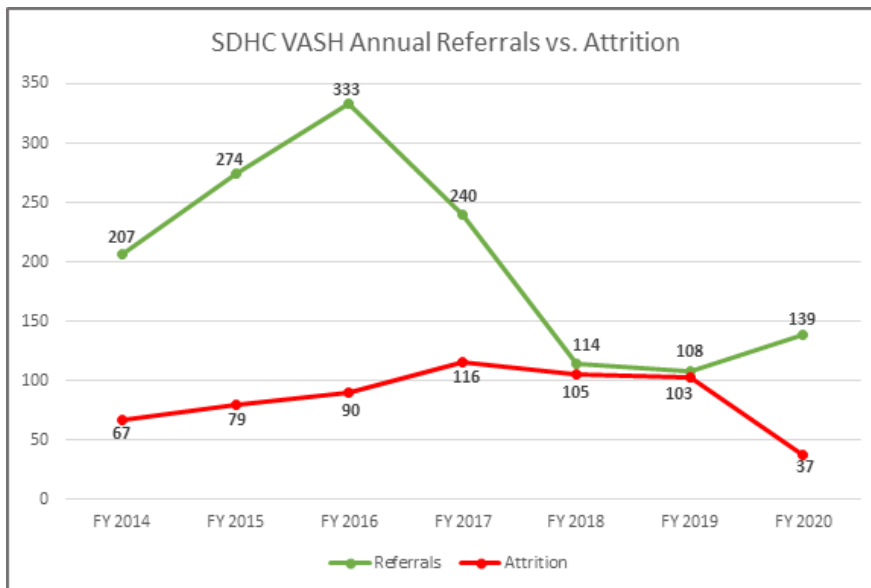
As the need for supportive housing resources remains high, VASH vouchers continue to be underutilized because of few referrals to the program.

SDHC supports any efforts to increase the U.S. Department of Veterans Affairs' (VA) capacity to provide supportive services and refer more veterans to SDHC for the VASH program, including the proposed "Reducing Veteran Homelessness Act of 2020." However, this legislation will not resolve the VASH voucher utilization challenges. I submit to this

subcommittee that SDHC would like to be considered as the site of a demonstration program with additional flexibilities that would help to fully utilize VASH vouchers in San Diego.

Of the 1,235 VASH vouchers allocated to SDHC, approximately 460, or 37 percent, currently are unutilized because SDHC does not receive enough referrals from the VA San Diego Healthcare System. The VA San Diego Healthcare system averaged nine referrals per month to SDHC for VASH vouchers in Fiscal Year 2019 (July 1, 2018 – June 30, 2019). These VA referrals are insufficient to increase the utilization rate or keep up with the attrition rate, which averaged eight households per month in Fiscal Year 2019. The rate of VA referrals, compared with the attrition rate, means a net of only one new VASH voucher participant per month from the VA. Meanwhile, in Fiscal Year 2019, HUD allocated 118 additional VASH vouchers to SDHC, reflecting the needs in San Diego. Based on year-to-date Fiscal Year 2020 average referrals and attrition rate, it would take approximately 27 months to fully utilize all VASH vouchers.





To date, the VA San Diego Healthcare system has not supported SDHC’s efforts to implement viable flexibilities to increase VASH referrals. None of the potential solutions the VA offered to SDHC after lengthy discussion is practical to meet the current need. For example, SDHC has proposed that the VA outsource their case management and referrals to a qualified contractor, a model that has proved successful in the Los Angeles area. However, the VA has cited implementation issues and is willing to pilot this proposal only if it is limited to 8 percent of SDHC’s VASH allocation, or approximately 100 vouchers.

In addition, the VA San Diego Healthcare System has cited low staffing levels as the root cause for insufficient referrals. However, the VA's main office in Washington, D.C., has stated that VA staffing is consistently above 90 percent of staffing levels, and additional staff would require identifying new funding.

The VA San Diego Healthcare System recently proposed two pilot programs to SDHC: VA Continuum for approximately 15 percent of the currently unused VASH vouchers (or approximately 67 vouchers) and HUD VASH Light, which would involve approximately 30 vouchers. In both pilot programs, SDHC would be responsible for providing these VASH participants with case management, supportive services, housing placement and voucher administration. However, these pilot programs are not viable for many reasons, including: the VA setting additional prioritization preferences; limitations to the veterans' vulnerability rating; restrictions on the level of case management; pre-approval conditions that must be reviewed and approved by the VA prior to selecting veterans; and lack of funding to pay for expert case management and supportive services.

This shortage of sufficient referrals from the VA contradicts the purposes for which the VASH voucher program was created. Yet approximately 800 veterans are experiencing homelessness and need permanent supportive housing that VASH vouchers could provide.

The VASH voucher program initially launched in 1992 to assist veterans experiencing homelessness who had severe psychiatric or substance abuse disorders. This program was assisting approximately 1,000 veteran households in 2008, according to data presented jointly by HUD and the VA in 2012.

A new version of the VASH voucher program began in 2008, after Congress allocated \$75 million to HUD through the Consolidated Appropriations Act of 2008 to assist approximately 10,000 veterans experiencing homelessness. This VASH program combines HUD Section 8 Housing Choice Voucher rental assistance for homeless veterans with case management and clinical services provided by the VA at its medical centers and in the community.

Congress has continued to allocate additional funds for VASH vouchers since 2008. HUD has allocated more than [100,000 VASH vouchers nationwide](#) since 2008, including the 1,235 allocated to SDHC.

On October 14, 2019, the San Diego City Council unanimously approved the [City of San Diego Community Action Plan on Homelessness](#), which specifically cited the underutilization of VASH vouchers as an area for immediate consideration. On behalf of the City of San Diego, SDHC contracted with the Corporation for Supportive Housing to develop this plan.

This Community Action Plan on Homelessness further identified that with more efficient use of veteran's resources, specifically VASH vouchers, ending veteran homelessness in San Diego is an attainable goal within reach in the next three years.

PROPOSED SAN DIEGO DEMONSTRATION PROGRAM

Additional flexibilities for the VASH voucher program are essential to maximize the utilization of existing resources to provide rental homes for military veterans experiencing homelessness. SDHC is ready to lead the effort to implement such flexibilities to address homelessness among military veterans in San Diego.

SDHC requests the opportunity to serve as a demonstration site with the following flexibilities. This would maximize the utilization and impact of VASH vouchers to provide housing for veterans experiencing homelessness in the City of San Diego:

1. Expand VASH eligibility:
 - a. Eliminate the two-year service requirement. This will allow veterans who served less than two years to be eligible for VASH voucher assistance.
 - b. Include veterans discharged under conditions other-than-honorable, but not dishonorable, in the eligibility criteria.
 - c. Eliminate the VA healthcare eligibility requirement.
2. To ensure needed resources are available to maximize VASH voucher utilization, outsource Case Management and approve funding flexibility:
 - a. Permit SDHC to administer and contract out supportive services from community-based organizations for unused VASH vouchers. SDHC and organizations would make referrals for VASH (in coordination with Regional Coordinated Entry System data, Supportive Services for Veteran Families [SSVF] providers, and outreach teams) and provide supportive services for VASH vouchers that public housing authorities administer.
 - b. Authorize SDHC to use accrued SDHC VASH reserves to pay for supportive services for VASH vouchers that SDHC administers.

SDHC would manage the vouchers and contract supportive services for the veterans enrolled in the VASH program until the VA establishes the capacity to provide case management services and inherit veteran caseloads.

A VASH demonstration program for SDHC would increase referrals and flexibilities to help end veteran homelessness in the City of San Diego.

These changes would enable SDHC to implement a VASH demonstration program that would increase referrals and expand the VASH program to provide the combination of rental assistance and supportive services to achieve the goal of ending veteran homelessness in the City of San Diego.

Some of these provisions will be made available if U.S. Representative Scott Peters' Veteran HOUSE Act ([H.R.2398](#)) is approved in the Senate and becomes law. However, the additional flexibilities will position San Diego as a pilot market for potentially sweeping reforms to maximize VASH voucher utilization.

SDHC also has a strong track record in its non-VASH rental assistance programs. SDHC's voucher utilization rate for non-VASH vouchers exceeds 100 percent. SDHC voucher households obtain housing within 60 days, on average. SDHC's [Landlord Engagement and Assistance Program \(LEAP\)](#) and other initiatives create additional opportunities and incentives to identify housing for veterans with VASH vouchers. The average turnover rate of 60 to 80 households per month among all SDHC voucher households will provide SDHC with the capacity to accommodate all of the referrals it may continue to receive from the VA for VASH vouchers, as well as the additional veteran households assisted through the proposed flexibilities.

SDHC is uniquely positioned to implement this demonstration program.

SDHC – PROVIDING FEDERAL RENTAL ASSISTANCE

SDHC's demonstrated success in the administration of its Section 8 Housing Choice Voucher rental assistance program will facilitate the implementation of the proposed flexibilities for the VASH program to maximum utilization of VASH vouchers.

Section 8 Housing Choice Voucher rental assistance is SDHC's largest program.

More than 15,000 households with low income in the City of San Diego—including veterans, formerly homeless San Diegans, seniors, individuals with disabilities, and single-parent households—receive federal rental assistance from SDHC. These households include more than 36,000 men, women and children. Approximately 60 percent of these households qualify as seniors or individuals with disabilities.

In addition to assisting low-income households to obtain rental housing, SDHC's Housing Choice Voucher program invests millions of dollars in the local economy each year.

In Fiscal Year 2019 (July 1, 2018 – June 30, 2019), SDHC paid \$148.6 million to approximately 5,800 participating landlords in the City of San Diego, who are essential to providing affordable housing to low-income San Diegans.

SDHC engages with private sector landlords to establish affordable housing opportunities by providing federal rental assistance.

With the success of SDHC's Landlord Engagement and Assistance Program (LEAP) to create housing opportunities for San Diegans experiencing homelessness, SDHC utilized flexibility

from its status as a “Moving to Work” agency to create a similar program for landlords who rent to Section 8 Housing Choice Voucher participants.

SDHC’s Landlord Partnership Program (LPP), which launched on August 23, 2019, aims to increase the number of units available to rental assistance participants; recruit new landlords; and retain existing landlord participation.

Landlords who participate in LPP may be eligible for the following incentives:

- **Incentive Payments** – \$500 for each rental unit rented to a Section 8 Housing Choice Voucher household.
- **Landlord Assurance Fund** – Reimburses landlords up to \$3,000 to cover repair expenses that are in excess of normal wear and tear and rent due that exceeds the security deposit.
- **Move Flexibility Allowance** – Five-day Housing Assistance Payment overlap in cases where there is a delay when a voucher-holding household vacates a subsidized rental unit to move into a new unit.
- **Mobility Counseling Program** – An SDHC Mobility Counselor assists with pre- and post-moving counseling, housing search assistance, and guidance about neighborhood features, and helps to ensure timely lease-ups.
- **Security Deposit Loan Assistance** – No-interest security deposit loans up to the payment standards for the area for the family’s voucher size.

“MOVING TO WORK” AGENCY

As one of 39 “Moving to Work” (MTW) agencies nationwide, SDHC has proven experience developing and implementing successful initiatives to address at-risk populations, including individuals, families and veterans experiencing homelessness.

Many of SDHC’s MTW initiatives have been duplicated across the country among other public housing authorities and/or adopted by HUD or through new legislation, including the Housing Opportunity Through Modernization Act (HOTMA). For example, SDHC has utilized MTW flexibility to award Sponsor-Based Housing Vouchers through a competitive bidding process to nonprofit or for-profit organizations, or “sponsors,” to provide rental assistance to San Diegans experiencing homelessness who also need supportive services. To date, SDHC has awarded 937 Sponsor-Based Housing Vouchers out of the 1,000 available through SDHC’s MTW initiative.

SDHC also has utilized its MTW flexibility to create several programs of the agency’s homelessness action plan, [HOUSING FIRST – SAN DIEGO](#), including: the SDHC Moving

Home Rapid Rehousing program; the SDHC Moving On Rental Assistance Program; the Guardian Scholars Program, a partnership with San Diego State University; and the Monarch School Project, a partnership with Monarch School, one of the few schools in the nation specifically serving children experiencing homelessness.

In the five and a half years since SDHC launched HOUSING FIRST – SAN DIEGO on November 12, 2014, the programs of this homelessness action plan have created more than 8,700 housing opportunities for individuals and families—veterans and non-Veterans—experiencing homelessness or at risk of homelessness.

The U.S. government’s creation of the MTW program in 1996 established a significant tool to provide affordable housing opportunities, combining the flexibility to foster innovation with continuing government oversight from HUD. Public housing authorities must submit their proposed new MTW programs to HUD for approval.

MTW provides flexibility and allows public housing agencies to determine localized programs that are the most effective for their communities.

The MTW designation from HUD allows flexibility to create innovative, cost-effective approaches to provide housing assistance to low-income families.

The extension of the contracts of MTW agencies, such as SDHC, for 10 more years, through 2028, was approved in the Consolidated Appropriations Act of Fiscal Year 2016 on December 18, 2015.

This Congressional action also will expand the MTW program to an additional 100 public housing agencies across the country. I believe that the MTW program should eventually apply to all public housing agencies other than those identified by HUD as “troubled” to provide them with the structure and flexibility to design programs in their communities.

HOUSING OUR HEROES INITIATIVE

One of the initiatives of HOUSING FIRST – SAN DIEGO was Housing Our Heroes, a collaboration between SDHC and the City of San Diego to help secure housing for 1,000 veterans experiencing homelessness.

On September 28, 2017, the [Housing Our Heroes initiative achieved its goal](#), just 18 months after the initiative launched on March 1, 2016.

San Diego Mayor Kevin L. Faulconer first announced Housing Our Heroes during his State of the City address on January 14, 2016, and the San Diego City Council on March 1, 2016, unanimously approved funding for this initiative, which consisted of four programs:

1. **Landlord Outreach:** This program provided incentives for landlords with rental properties in the City of San Diego with rental units located in ZIP Code 92037 and ZIP Codes that begin with 921, excluding 92118, and landlords in the City of National City with rental units located in ZIP Code 91950 who rent to homeless Veterans. More than 430 individual landlords joined the initiative. Approximately 45 percent of them were new to SDHC rental assistance programs.
2. **Rapid Rehousing Assistance:** Funds were awarded to nonprofit or for-profit service providers through a competitive Notice of Funding Availability. The service providers made rental assistance payments directly to landlords (on average, four to six months, but could cover up to two years) and paid up-front move-in costs, such as security deposits and utility deposits.
3. **SDHC Federal VASH Vouchers:** SDHC partners with the VA San Diego Healthcare System to administer VASH vouchers, which provide rental assistance to honorably discharged Veterans experiencing chronic homelessness while also having a disability.
4. **SDHC Federal Housing Vouchers with Supportive Services:** SDHC awards Sponsor-Based Housing Vouchers to nonprofit or for-profit organizations, or “sponsors,” to provide rental assistance to Veterans experiencing homelessness to help pay for their housing. The “sponsors” provide supportive services, such as mental health counseling; substance abuse treatment programs; and independent living skills classes

The success of Housing Our Heroes resulted in expanded programs in the current phase of HOUSING FIRST – SAN DIEGO. For example, the landlord outreach program of Housing Our Heroes expanded to provide incentives to landlords who rent to veterans and non-Veterans experiencing homelessness. This program is now known as the Landlord Engagement and Assistance Program (LEAP).

SDHC-OWNED AFFORDABLE RENTAL HOUSING

SDHC, including its nonprofit affiliate, currently owns and/or manages more than 3,700 affordable rental housing units in the City of San Diego, which include 189 federal public housing units.

Through SDHC’s homelessness action plan, HOUSING FIRST – SAN DIEGO, the agency has committed 50 of its rental housing units year-round as rapid rehousing to help individuals and families experiencing homelessness, including veterans, to get back on their feet.

Among the SDHC-owned units are 1,366 former public housing units for which HUD transferred full ownership and operating authority to SDHC through a landmark agreement on September 10, 2007. This was the largest public housing conversion at the time.

When the former public housing units converted to SDHC ownership, residents were provided with federal Section 8 Housing Choice Vouchers. They could then use the vouchers at their existing units or take them with them as rental assistance to another rental home of their choice.

This expanded the opportunities for affordable housing to hundreds of additional San Diego families.

Approximately 50 percent of the residents chose to stay at their existing units, and approximately 50 percent moved to other properties, typically to be closer to family or work.

Those residents who used their new Section 8 Housing Choice Voucher rental assistance to move to another property created vacancies in the former public housing units. Fulfilling its commitment to HUD, SDHC rented these vacant units as affordable rental housing to families with income of 80 percent of the San Diego Area Median Income or less. No residents were displaced, and SDHC did not dispose of any of the units.

In addition, SDHC leveraged the equity from this new real estate portfolio to create or preserve 810 additional affordable housing in the City of San Diego through direct acquisitions and public-private partnerships. All of these units will remain affordable for at least 55 years.

AFFORDABLE HOUSING DEVELOPER AND LENDER

In addition to partnering with landlords to create housing opportunities in the competitive, tight rental housing market of San Diego, SDHC partners with developers to create new permanent supportive housing units to address homelessness and affordable rental housing units for low-income families.

Of the more than 8,700 housing opportunities created through HOUSING FIRST – SAN DIEGO for San Diegans experiencing homelessness, 1,348 are new permanent supportive housing units created through SDHC development partnerships or acquisitions and rehabilitations—541 completed units and 807 units pending completion

SDHC also partners with developers to build new affordable rental housing units or to rehabilitate existing affordable rental housing units to preserve them and/or extend their affordability.

Since SDHC was established in 1979, the agency has partnered to create or preserve more than 24,000 affordable rental housing units in the City of San Diego.

Providing safe, quality, affordable homes for low- and moderate-income families in the City of San Diego is an important part of SDHC's mission.

CONCLUSION

SDHC has earned a national reputation as a model public housing agency through its programs that provide federal rental assistance, address homelessness, and create and preserve affordable rental housing.

As accomplishments continue in these areas and SDHC develops and implements additional, innovative programs, VASH vouchers continue to be underutilized because of the insufficient referrals from the VA San Diego Healthcare System.

The flexibilities SDHC proposes through a demonstration program will maximize the utilization of VASH vouchers:

1. Expand VASH eligibility:
 - a. Eliminate the two-year service requirement. This will allow veterans who served less than two years to be eligible for VASH voucher assistance.
 - b. Include veterans discharged under conditions other-than-honorable, but not dishonorable, in the eligibility criteria.
 - c. Eliminate the VA healthcare eligibility requirement.
2. To ensure needed resources are available to maximize VASH voucher utilization, outsource Case Management and approve funding flexibility:
 - a. Permit SDHC to administer and contract out supportive services from community-based organizations for unused VASH vouchers. SDHC and organizations would make referrals for VASH (in coordination with Regional Coordinated Entry System data, Supportive Services for Veteran Families [SSVF] providers, and outreach teams) and provide supportive services for VASH vouchers that public housing authorities administer.
 - b. Authorize SDHC to use accrued SDHC VASH reserves to pay for supportive services for VASH vouchers that SDHC administers.

SDHC welcomes the opportunity to demonstrate the positive impact these proposed changes can have on the lives of veterans experiencing homelessness in the City of San Diego and potentially provide a replicable, innovative model to help other jurisdictions maximize VASH utilization to serve our nation's veterans.